

Main shareholder as the acquirer:

Hisense Luxembourg Home Appliance Holding S.á r.l., with its registered office at 6, rue Eugène Ruppert, L-2453 Luxembourg, Luxembourg,

Company:

GORENJE, d.d., Partizanska cesta 12, 3320 Velenje

13 August 2018

REPORT OF THE MAIN SHAREHOLDER ON THE SQUEEZE-OUT

Hisense Luxembourg Home Appliance Holding S.á r.l., with its registered office at 6, rue Eugène Ruppert, L-2453 Luxembourg, Luxembourg, registered with the Luxembourg Register of Commerce and Companies under No. B224161 ("**Main Shareholder**"), proposes that the General Assembly ("**General Assembly**") of the company GORENJE, d.d., Partizanska cesta 12, 3320 Velenje ("**Company**" or "**Gorenje**") adopts a resolution on the transfer of all shares held by the minority shareholders of Company to the Main Shareholder against payment by the Main Shareholder of the monetary compensation ("**Resolution on Squeeze-out**").

For this purpose, the Main Shareholder prepared the following report:

1. Legal Basis for the Transfer of Shares

According to Article 384 of the Slovenian Companies Act ("**ZGD-1**"), a main shareholder holding more than 90 per cent stock of a joint stock company (*delniška družba*) has a right to request that the general assembly decides on the transfer of shares of the remaining minority shareholders to the main shareholder against payment of an appropriate monetary compensation. The squeeze-out of minority shareholders is regulated by Articles 384 to 388 of ZGD-1.

Furthermore, pursuant to second paragraph of Article 68 of the Takeovers Act ("**ZPre-1**"), the monetary compensation must be the same type and in the same amount as determined in the takeover offer, if the shareholders' assembly, on the basis of a proposal of the main shareholder, adopts within 3 months after the publication of the takeover offer result, a decision on the transfer of shares of minority shareholders to the main shareholder. In accordance with the first paragraph of Article 68 of ZPre-1, the aforementioned second paragraph of Article 68 of ZPre-1 applies in case the bidder in the takeover obtained at least 90% of all the shares with voting right of the target company, and has obtained such shares with a successful voluntary takeover offer, accepted by at least the owners of 90% of the shares with voting right of the target company to whom the takeover bid was addressed.



With its takeover offer that was successfully concluded the decision of ATPV on 29 June 2018, the Main Shareholder acquired 23,304,885 shares of the Company ("**GRVG Shares**") which represents 95.42 per cent in the share capital of Gorenje. The Main Shareholder had addressed its voluntary takeover offer to holders of 16,374,599 shares. The holders of 15,254,871 shares accepted the takeover offer, thus such acceptance rate amounts to 93.16%, which exceeds the prescribed 90% of the shares to which the takeover offer was addressed under the second paragraph of Article 68 of ZPre-1.

Consequently, the Main Shareholder holds the prescribed per cent in the share capital of Gorenje according to Article 384 ZGD-1, which allows the squeeze-out of the minority shareholders according to the applicable rules of ZGD-1 and also acquired the prescribed per cent in order to offer a compensation in the same type and amount as in the takeover offer.

On the basis of the above information, the Main Shareholder requests the Company's management to convene a General Assembly as soon as possible (preferably for the General Assembly to take place on or around 13 September 2018) so that the General Assembly will be able to adopt the Resolution on Squeeze-out.

For the squeeze-out of minority shareholders from the Company, the following conditions have to be fulfilled:

- (i) The Main Shareholder has to hold shares of the Company which represent at least 90 per cent of the share capital.

The Main Shareholder currently holds 23,304,885 GRVG Shares which represents 95.42 per cent in the share capital of the Company. Therefore, the Main Shareholder has the necessary majority in the share capital of the Company as prescribed by Article 384 ZGD-1 to perform the Squeeze-out.

- (ii) The Main Shareholder has to propose the adoption of the resolution on the transfer of the minority shareholders' shares to the Main Shareholder against payment of the appropriate monetary compensation.

The Main Shareholder requested the convocation of the General Assembly according to Article 296 ZGD-1. The draft convocation is attached to this report as Schedule 1.

- (iii) The Main Shareholder has to present a bank's statement according to Article 385 Para 2 ZGD-1.

The statement on joint and several liability of HSBC Bank plc – pobočka Praha, for payment of appropriate monetary compensation is attached to this report as Schedule 2.

- (iv) The convocation of the General Assembly, which is supposed to decide on the transfer of shares of the remaining minority shareholders to the Main Shareholder, has to be published.

On 13 August 2018, the Main Shareholder requested the Company's management board, according to Article 296 ZGD-1, to convene the General Assembly with the information on



the amount of the monetary compensation offered by the Main Shareholder. The Main Shareholder proposed the General Assembly to take place on 17 September 2018 and expects that the Company's management will (i) convene the General Assembly for the said day according to third paragraph of Article 296 of ZGD-1 and Article 27 of the Company's Articles of Association and (ii) publish the convocation of the General Assembly in time and as required by law and the Company's articles of association.

- (v) Prior to the General Assembly, the shareholders have the right to review the entire documentation for the General Assembly.

The Company's management board is obliged to enable any shareholder to examine the entire documentation for the General Assembly from the day of the publication of the General Assembly's convocation until the day of and at the General Assembly. The documentation prepared for the General Assembly Meeting shall, in accordance with the third paragraph of Article 386 of ZGD-1, consist of resolution proposals with explanation for each item of the agenda, annual reports of the Company for the last three years, and this written report of the Main Shareholder.

- (vi) The General Assembly has to adopt the Resolution on Squeeze out.

Considering the number of GRVG Shares currently held by the Main Shareholder, the Main Shareholder has sufficient voting rights to reach the adoption of the Resolution on Squeeze-out.

- (vii) The Company's management has to file the entry of the adopted Resolution on Squeeze-out in the court register.

After the entry of the Resolution on Squeeze-out into the court register, the Main Shareholder is entitled - on the basis of the authorization contained in the Resolution on Squeeze-out - to instruct Centralna klirinško depotna družba d.d., Ljubljana ("**CDD**") for the entry of the transfer and conclude an agreement on the transfer of shares from the security accounts of the minority shareholders to the securities account of the Main Shareholder.

In addition to the above, the following conditions have to be met in order that Main Shareholder, instead of the appropriate money compensation, determined in accordance with the ZGD-1, pays monetary compensation specified in the takeover bid in accordance with Article 68 Zpre-1:

- (i) The Main Shareholder has to acquire at least 90 per cent of shares with voting rights by way of a successful voluntary takeover bid, which has been accepted by holders of at least 90 per cent of shares with voting rights to whom the voluntary takeover bid was addressed.

With its takeover offer that was successfully concluded the decision of ATPV on 29 June 2018, the Main Shareholder acquired 23,304,885 GRVG Shares which represents 95.42 per cent in the share capital of Gorenje. The Main Shareholder had addressed its voluntary takeover offer to holders of 16,374,599 shares. The holders of 15,254,871 shares accepted the takeover offer, thus such acceptance rate amounts to 93.16%, which



exceeds the prescribed 90% of the shares to which the takeover offer was addressed under the second paragraph of Article 68 of ZPre-1.

Consequently, the Main Shareholder acquired the prescribed per cent in order to offer a compensation in the same type and amount as in the takeover offer.

2. Reasons for squeeze-out

The reasons for carrying out the squeeze-out in the Company are:

- (i) Assuming of entire responsibility in financing the development of the Company. The management of the Company with one shareholder will be easier, less expensive and more effective, whereby the Company will be in position to undertake business activities that are in line with a single shareholder's (i.e., the Main Shareholder's) investment strategy instead of a diversified shareholders' basis.
- (ii) Assuming responsibility and risks connected with management and supervision of the Company's activity.
- (iii) Assuming responsibility with the risk management, management of capital structure and ensuring appropriate return to ensure long standing success of the Company.

3. Reasoning of the Appropriate Monetary Compensation

Pursuant to second paragraph of Article 68 of ZPre-1, the monetary compensation must be the same type and in the same amount as determined in the takeover offer, if the shareholders' assembly, on the basis of a proposal of the main shareholder, adopts within 3 months after the publication of the takeover offer result, a decision on the transfer of shares of minority shareholders to the main shareholder. In accordance with the first paragraph of Article 68 of ZPre-1, the aforementioned second paragraph of Article 68 of ZPre-1 applies in case the bidder in the takeover obtained at least 90% of all the shares with voting right of the target company, and has obtained such shares with a successful voluntary takeover offer, accepted by at least the owners of 90% of the shares with voting right of the target company to whom the takeover bid was addressed.

As shown above in point 2., the Main Shareholder acquired the prescribed per cent in order to offer a compensation in the same type and amount as in the takeover offer, that is EUR 12 per share. The same compensation has also been offered by the Main Shareholder in the Takeover Bid.

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Taking into consideration the above, the Main Shareholder proposes that the General Assembly adopts the Resolution on Squeeze-out.

Schedules:

- Schedule 1: Request for Convocation of the General Assembly
- Schedule 2: Statement of HSBC Bank plc dated 8 August 2018

Luxembourg, 13 August 2018

On behalf of Hisense Luxembourg Home Appliance Holding S.á r.l.:



[Jianmin Han, *Class A Manager*]



Ann Lavrysen **Raphaël Rozanski**
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